

(As of July 2003)

31 CFR Part 363

Regulations Governing
New TreasuryDirect System

**PART 363—REGULATIONS GOV-
ERNING SECURITIES HELD IN THE
NEW TREASURY DIRECT SYSTEM**

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Subpart A—General

§ 363.0 What is the New Treasury Direct system?

The New Treasury Direct system (New Treasury Direct) is an online account system in which you may hold and conduct transactions in eligible book-entry Treasury securities.

§ 363.1 What Treasury securities are covered by these regulations?

The regulations in this part apply to book-entry Treasury securities held in the New Treasury Direct system.

§ 363.2 What agency administers New Treasury Direct?

The Bureau of the Public Debt (Public Debt), Department of the Treasury (Treasury) is responsible for administering New Treasury Direct. Public Debt may delegate authority to process certain transactions in New Treasury Direct to Federal Reserve Banks and Branches as fiscal agents of the United States.

§ 363.3 What Treasury securities may be held in New Treasury Direct?

Book-entry Series EE and I savings bonds may be held in New Treasury Direct.

[68 FR 24807, May 8, 2003]

§ 363.4 How is New Treasury Direct different from the TreasuryDirect system?

New Treasury Direct is an online (Internet-based) system. The existing *TreasuryDirect* system (*TreasuryDirect*) is a separate book-entry system, available since 1986, for marketable Treasury securities only. The terms and conditions for *TreasuryDirect* are found at part 357, and are substantially different from the terms and conditions of securities held in New Treasury Direct.

§ 363.5 How do I contact Public Debt?

(a) Emails may be sent to: <treasury.direct@bpd.treas.gov>. We will reply by e-mail unless you request otherwise. We are not responsible for the security of e-mail messages you may send to us, or replies we may send to you.

(b) Letters should be addressed to: Bureau of the Public Debt, New Treasury Direct, Parkersburg, WV 26106-1328.

§ 363.6 What special terms do I need to know to understand this part?

Account means a New Treasury Direct account as described in § 363.15.

Authentication service means a public or private service that authenticates the identity of an online applicant for a New Treasury Direct account using information provided by the applicant.

Automated Clearing House (ACH) means a funds transfer system governed by the Rules of the National Automated Clearing House Association (NACHA). NACHA provides for the interbank clearing of electronic entries for participating financial institutions.

Beneficiary refers to the second individual named in the registration of a security held in the New Treasury Direct system registered "John Doe SSN 123-45-6789 POD (payable on death to) Joseph Doe SSN 987-65-4321." In this example, Joseph Doe is the beneficiary.

Book-entry security means a Treasury security maintained by us in electronic or paperless form as a computer record.

Business day means any day that funds may be settled through ACH.

Court means a court of law with jurisdiction over the parties and the subject matter.

Definitive security means a Treasury security held in paper form.

Delivery means moving a minimum amount of \$25 (consisting of principal and proportionate interest) of a security held as a gift from the account of the purchaser to the account of the recipient.

Depository financial institution means an entity described in 12 U.S.C. 461 (b)(1)(A)(i)-(vi).

Federal Reserve Bank (Reserve Bank) means a Federal Reserve Bank or Branch.

Final maturity of a savings bonds means the date beyond which an

unredeemed savings bonds no longer earns interest.¹

Gift means a Treasury security purchased for or transferred to an intended recipient, without consideration.

Individual means a natural person. Individual does not mean an organization, representative, or fiduciary.

Interest on a savings bonds means the difference between the principal (par) and the redemption value of the bond.

Legal guardian of a minor or incompetent person refers to the court-appointed or otherwise qualified person, regardless of title, who is legally authorized to act for the minor or incompetent individual.

Legal representative refers to the court-appointed or otherwise qualified person, regardless of title, who is legally authorized to manage and settle the estate of a decedent. The term includes an executor and an administrator.

Legally incompetent means a court has declared an individual to be incapable of handling his or her business affairs.

Minor means an individual who is under the age of 18 years.

Online means use of the Internet.

Owner is either a single owner, the first person named in the registration of a security held in the owner with beneficiary form of registration, or the primary owner of a security held in the primary owner with secondary owner form of registration.

Person means an entity including an individual, trust, estate, corporation, government entity, association, partnership, and any other similar organization. Person does not mean a Federal Reserve Bank.

Primary owner means the first person named in the registration of a security held in New Treasury Direct registered, e.g., "John Doe SSN 123-45-6789 with Joseph Doe SSN 987-65-4321." In this example, John Doe is the primary owner.

Principal amount means the amount of the original investment. Principal amount does not include any interest earned.

¹ Series I savings bonds have a maturity period of 30 years, consisting of an original maturity period of 20 years and an extension period of 10 years.

Recipient means the person to whom a gift is given.

Redemption of a savings bonds refers to the payment of principal and interest at final maturity, or prior to final maturity at the option of the owner. The owner may redeem all principal and interest or a portion of the principal and the proportionate amount of interest.

Redemption value means principal plus accrued interest of a bond, or a portion of the principal plus a proportionate amount of accrued interest on the bond, as of the date of redemption.

Registration or Registered means that the name and taxpayer identification number(s) (TIN) of the person(s) named on the security are maintained on our records.

Secondary owner means the second person named in the registration of a book-entry security held in New Treasury Direct registered, e.g. “John Doe SSN 123-45-6789 with Joseph Doe SSN 987-65-4321.” In this example, Joseph Doe is the secondary owner.

Security, or Treasury security, as used in this part, means an obligation issued by Treasury that may be held in New Treasury Direct.

Series EE savings bond is an accrual-type savings bond, either in definitive (paper) form or in book-entry form, that pays interest on the principal based on rates determined by Treasury.

Series I savings bonds is a savings bonds, either in definitive (paper) form or in book-entry form, that sells at par and pays interest in accordance with a formula that includes a fixed component and a component indexed to the rate of inflation.

Signature guarantee program means a signature guarantee program established under 17 CFR 240.17Ad-15, issued under authority of the Securities Exchange Act of 1934. For the purpose of this part, we recognize the Securities Transfer Agents Medallion Program (STAMP), the Stock Exchanges Medallion Program (SEMP), and the New York Stock Exchange, Inc., Medallion Signature Program (MSP). These certifications are acceptable for transfers of securities, but are not acceptable for offline account establishment.

Single owner means the person named in the registration of a book-entry

Treasury security without a beneficiary or secondary owner.

Social security account number or social security number (SSN) means the identifying number required on tax returns and other documents submitted to the Internal Revenue Service by an individual. A SSN is composed of nine digits separated by two hyphens, for example, 123-45-6789.

Taxpayer identification number (TIN) means the identifying number required on tax returns and other documents submitted to the Internal Revenue Service; that is, an individual’s social security number (SSN) or an employer identification number (EIN). A SSN is composed of nine digits separated by two hyphens, for example, 123-45-6789. An EIN is composed of nine digits separated by one hyphen, for example, 12-3456789. The hyphens are an essential part of the numbers.

Transaction is any action affecting Treasury securities or account information.

Transfer means moving a minimum amount of \$25 (consisting of principal and proportionate interest) of a security from one New Treasury Direct account to another New Treasury Direct account in a transaction involving a change in the ownership of the security. The transfer of a specific security may be restricted by the terms of this part that apply to that security.

We, us, or our refers to the Bureau of the Public Debt. The term includes the Secretary of the Treasury and the Secretary’s delegates at the Treasury Department and Bureau of the Public Debt. The term also includes any fiscal or financial agent we designate to act on behalf of the United States.

You or your refers to a New Treasury Direct account holder.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§§ 363.7–363.14 [Reserved]

Subpart B—New Treasury Direct System

§ 363.15 What is a New Treasury Direct account?

A New Treasury Direct account is an online account maintained by us solely in your name in which you may hold

and conduct transactions in eligible book-entry Treasury securities. Your New Treasury Direct account may contain Treasury securities that are your personal holdings, gifts that have not yet been delivered, and Treasury securities that you hold on behalf of someone else, as permitted by these regulations.

§ 363.16 Who is eligible to open a New Treasury Direct account?

In order to open a New Treasury Direct account, you must:

- (a) Have a valid social security number;
- (b) Have a United States address of record;
- (c) Have an account at a United States depository financial institution that will accept debits and credits using the Automated Clearing House method of payment;
- (d) Be 18 years of age or over;
- (e) Be legally competent; and
- (f) Be an individual.

§ 363.17 How can I open a New Treasury Direct account?

You must establish a New Treasury Direct account online before you purchase a Treasury security to be held in your account. Instructions for online account establishment may be found at the official Public Debt website at <http://www.publicdebt.treas.gov>, or such other Internet address as Public Debt may from time to time announce by publication in the FEDERAL REGISTER. When you have completed the application, you will create a password to access your account. We will authenticate your identity and send your account number to you by email when your account application is approved.

§ 363.18 How will you authenticate my identity?

We may use an online authentication service to authenticate your identity using information you provide about yourself on the application. At our option, we may require offline authentication.

§ 363.19 What is the procedure for offline authentication?

In the event we require offline authentication, we will provide a print-

able authentication form. Your signature on the form must be certified or guaranteed as provided at § 363.43, and the form must be mailed to us at the address provided in § 363.5.

§ 363.20 How do I access my account?

You may access your account online using your account number and password.

§ 363.21 Who is liable if someone else accesses my New Treasury Direct account using my password?

You are solely responsible for the confidentiality and use of your password. We will treat any transactions conducted using your password as having been authorized by you. We are not liable for any loss, liability, cost or expense that you may incur as a result of transactions made using your password.

§ 363.22 Is Public Debt liable if the electronic transmission of my data is intercepted?

We are not liable for any interception of electronic data or communication.

§ 363.23 What should I do if I become aware that my password has become compromised?

You should change your password immediately if you become aware that your password has become compromised. If you become aware of any misuse of your password, you should notify us by email at treasury.direct@bpd.treas.gov or call us at 304-480-8783.

§ 363.24 What transactions can I perform online through my New Treasury Direct account?

The following transactions are by way of illustration only, and are not intended to limit transactions that may be added to the system in the future:

- (a) You can purchase eligible Treasury securities in your own right or as gifts;
- (b) You can redeem savings bonds;
- (c) You can make changes to the registration of securities held in your account on which you are the single owner, owner with beneficiary, or primary owner;

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(d) You can transfer a Treasury security to another person;

(e) You can grant and revoke the right to view a security held in your account to any other New Treasury Direct account owner, providing the security is:

(1) in the single owner form of registration, and

(2) not being held in your account as a gift;

(f) You can grant and revoke the right to view a security held in your account to the beneficiary named in the registration of the security, if the beneficiary is a New Treasury Direct account owner;

(g) You can grant and revoke the right to view or the rights to view and redeem a security on which you are the primary owner to the secondary owner, if the secondary owner is a New Treasury Direct account owner;

(h) You can view or redeem Treasury securities on which you are the secondary owner, if the primary owner has granted those rights to you, and if you are a New Treasury Direct account owner;

(i) You can deliver gift Treasury securities to the New Treasury Direct account of another person;

(j) You can make changes to your account information;

(k) You can change your ACH information;

(l) You can view a history of purchases, transactions, and pending transactions;

(m) You can change or delete pending transactions;

(n) You can change your password; and

(o) You can change account security information.

EFFECTIVE DATE NOTE: At 67 FR 64286, Oct. 17, 2002, paragraphs (e) through (h) and (m) in § 363.24 were added and stayed indefinitely. The Fiscal Service will announce the effective date(s) when they will become effective.

§ 363.25 How do I conduct transactions in my account or in Treasury securities held in my account?

We will provide online instructions for conducting transactions through your account. If you are unable to conduct a transaction online, you should contact us at the address provided in

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§ 363.5. Offline transactions will require a certified or guaranteed signature. See § 363.43 for instructions for obtaining a certified or guaranteed signature.

§ 363.26 What is a transfer?

(a) A transfer is a transaction to move a minimum amount of \$25 (consisting of principal and proportionate interest) of a Treasury security from one New Treasury Direct account to another New Treasury Direct account, in which the ownership of the security changes.

(b) Transfers of a specific type of security may be limited by the subparts that refer to that security.

§ 363.27 May a New Treasury Direct account be opened in the name of a minor?

A parent or legal guardian may open an account for a minor. The parent or legal guardian must have an existing New Treasury Direct account in order to open the minor's account. The parent or legal guardian will open the minor's account through the New Treasury Direct account of the parent or guardian. The account will be held in the name and SSN of the minor.

EFFECTIVE DATE NOTE: At 67 FR 64286, Oct. 17, 2002, § 363.27 was added and stayed indefinitely. The Fiscal Service will announce the effective date when it will become effective.

§ 363.28 What is the procedure for opening a New Treasury Direct account for a minor?

Online instructions will be provided to the parent or legal guardian of a minor for establishing an account for a minor child. The parent or legal guardian will select the password for the account. The parent or legal guardian must certify that he or she is acting on behalf of the minor, and that all transactions conducted through the account will be on the minor's behalf.

EFFECTIVE DATE NOTE: At 67 FR 64286, Oct. 17, 2002, § 363.28 was added and stayed indefinitely. The Fiscal Service will announce the effective date when it will become effective.

§ 363.29 How are transactions conducted in the minor's account?

The parent or guardian must conduct all transactions in the minor's account on behalf of the minor.

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EFFECTIVE DATE NOTE: At 67 FR 64286, Oct. 17, 2002, §363.29 was added and stayed indefinitely. The Fiscal Service will announce the effective date when it will become effective.

§ 363.30 What transactions are permitted in securities held in the New Treasury Direct account of a minor?

We will not permit purchases or transfers to be conducted from the account of a minor. Treasury securities may be transferred to the minor's account, and gift Treasury securities may be delivered to the minor's account.

EFFECTIVE DATE NOTE: At 67 FR 64286, Oct. 17, 2002, §363.30 was added and stayed indefinitely. The Fiscal Service will announce the effective date when it will become effective.

§ 363.31 How can a minor gain control of his or her account when he or she reaches the age of 18 years?

The parent or legal guardian who opened the account on the minor's behalf must provide the minor with the password and control of the account when the minor reaches the age of 18 years. If the parent or guardian fails to provide the password and control of the account to the minor when he or she reaches the age of 18 years, the minor may contact us for instructions.

EFFECTIVE DATE NOTE: At 67 FR 64286, Oct. 17, 2002, §363.31 was added and stayed indefinitely. The Fiscal Service will announce the effective date when it will become effective.

§ 363.32 Does Public Debt assume any liability for any transactions conducted by a parent or legal guardian in the minor's account?

We assume no liability for any transactions conducted by any person in an account opened on behalf of a minor.

EFFECTIVE DATE NOTE: At 67 FR 64286, Oct. 17, 2002, §363.32 was added and stayed indefinitely. The Fiscal Service will announce the effective date when it will become effective.

§ 363.33 Can an attorney-in-fact conduct transactions in my New Treasury Direct account?

(a) An attorney-in-fact who provides a copy of a durable power of attorney granting him or her the authority to conduct New Treasury Direct transactions on behalf of the owner may conduct transactions online.

(b) An attorney-in-fact who provides a copy of a limited power of attorney may only conduct transactions that he or she is permitted by his or her power. Such transactions will be through an offline process.

(c) A written copy of the power of attorney must be sent to the address provided in §363.5. We may require any additional evidence that we consider necessary to support the power.

§ 363.34 What happens if an owner becomes incompetent after opening a New Treasury Direct account?

If we receive notice that the owner of a New Treasury Direct account has become incompetent, we will suspend all transactions in the account until we establish the authority of another person to act in his or her behalf.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.35 When is a transaction effective?

A transaction is effective when we post it to our records.

§ 363.36 What securities can I purchase and hold in my New Treasury Direct account?

You can purchase and hold eligible Treasury securities in your account. Initially, the only eligible securities will be book-entry Series I savings bonds. We intend to designate additional Treasury securities as eligible securities from time to time.

§ 363.37 How do I purchase eligible Treasury securities to be held in my New Treasury Direct account?

Eligible Treasury securities can only be purchased online through your New Treasury Direct account. Payment for the securities is made by a debit to your designated account at a United States depository financial institution using the ACH method.

§ 363.38 What happens if the ACH debit for purchase of a book-entry savings bonds is returned by my financial institution?

If your designated financial institution returns the ACH debit for payment of a bond, we reserve the right to reinitiate the debit at our option, and

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to remove the bond from your New Treasury Direct account. We are not responsible for any fees your financial institution may charge relating to returned ACH debits.

§ 363.39 Will I receive a confirmation of my request to purchase a Treasury security?

At the time that you submit a request to purchase a Treasury security through your New Treasury Direct account, we will make available a printable online confirmation of your request. Final confirmation will occur when the security is issued into your account. You will not receive a mailed confirmation.

§ 363.40 How are payments of principal and interest made?

You must select a specific bank account at a United States depository financial institution for your payment. This selected bank account may be the same one that you designated as your primary bank account in your New Treasury Direct account, or it may be a different bank account. We will make payments using the ACH method.

§ 363.41 What happens if an ACH payment of principal or interest to my account at a financial institution is returned to Public Debt?

We will notify you electronically of the returned payment. We will hold your payment until you provide us with instructions. Returned payments will not earn interest. We reserve the right to redirect returned payments to the bank account at a financial institution that you have designated in your

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New Treasury Direct account as your primary bank account, if that account is different from the one that returned the payment to us. We are not responsible for any fees your financial institution may charge relating to returned ACH payments.

§ 363.42 How will my interest income be reported for tax purposes?

When you open your New Treasury Direct account, you consent to receive the appropriate tax reporting forms by electronic means. We will notify you when your tax reporting forms are available. The form will be available in printable form through your New Treasury Direct account. If you withdraw your consent to receive tax reporting forms by electronic means, we reserve the right to redeem any Series I savings bonds held in your account and close your account.

§ 363.43 What are the procedures for certifying my signature on an offline application for a New Treasury Direct account, or on an offline transaction form?

(a) *Certification within the United States.* For certifications within the United States, the certifying individual must be authorized to bind his or her institution by his or her acts, to guarantee signatures to assignments of securities, or to certify assignments of securities. The following table provides a list of authorized certifying individuals and the required evidence of authority. Members of Treasury-recognized signature guarantee programs are for security transfers only.

Who can certify signatures in the U.S.	Evidence of certifying individual's authority
(1) Officers and employees of depository institutions	(i) We require the institution's seal or signature guarantee stamp. (ii) If the institution is an authorized paying agent for U.S. Savings Bonds, we require a legible imprint of the paying agent's stamp.
(2) Institutions that are members of Treasury—recognized signature guarantee programs (for security transfers only).	We require the imprint of the signature guarantee stamp, i.e., the STAMP, SEMP, or MSP stamp for members of the Securities Transfer Agents Medallion Program, the Stock Exchanges Medallion Program, or the New York Stock Exchange Inc. Medallion Signature Program.
(3) Officers and employees of corporate central credit unions, Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives, the Central Bank for Cooperatives, and Federal Home Loan Banks.	We require the entity's seal.
(4) Commissioned or warrant officers of the United States Armed Forces, for signatures executed by Armed Forces personnel, civilian field employees, and members of their families.	(i) We require a statement that the person executing the assignment is one whose signature the officer is authorized to certify under our regulations. (ii) The certifying official's rank must be shown.

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Who can certify signatures in the U.S.	Evidence of certifying individual's authority
(5) A judge or clerk of the court	We require the seal of the court.
(6) Other persons as designated by the Commissioner or Deputy Commissioner of Public Debt.	Evidence is determined by our procedures.

(b) *Certification within foreign countries.* The following table lists the authorized certifying individuals for for-

eign countries and the required evidence of the individual's authority.

Who can certify signatures in foreign countries	Evidence of certifying individual's authority
(1) United States diplomatic or consular officials	(i) We require the seal or stamp of the office. (ii) If there is no seal or stamp, then we require certification by some other authorized individual, under seal or stamp.
(2) Managers and officers of foreign branches of U.S. depository institutions and institutions that are members of Treasury-recognized signature guarantee programs (for security transfers only).	We require the seal of the depository institution, or the imprint of the signature guarantee stamp, i.e., the STAMP, SEMP, or MSP stamp for members of the Securities Transfer Agents Medallion Program, the Stock Exchanges Medallion Program, or the New York Stock Exchange Incorporated Medallion Signature Program.
(3) Notaries Public and other officers authorized to administer oaths, provided their authority is certified by a United States diplomatic or consular official.	(i) We require the official seal or stamp of the office. (ii) If there is no seal or stamp, the position must be certified by some other authorized individual, under seal or stamp, or otherwise proved to our satisfaction.

(c) *Duties and liabilities of certifying individuals.*

(1) The certifying individual must first establish the identity of the signer.

(2) The form must be signed in the presence of the certifying individual.

(3) If the certifying individual is not an officer, the certifying individual must insert the words "Authorized Signature" in the space provided for the title.

(4) If the certifying individual is negligent in making the certification, the certifying individual and his or her organization are jointly and severally liable for any loss the United States may incur as a result of the negligence.

(d) *Guaranteed signatures.* (1) A security or other form requiring certification need not be executed in the presence of a certifying individual if the signature is unconditionally guaranteed by the certifying individual. To guarantee a signature, the certifying individual must add a dated endorsement after the signature. For example:

Signature guaranteed, First National Bank of Smithville, Smithville, NH, by A. B. Doe, President, dated 1/1/2001.

(2) The certifying individual and his or her organization unconditionally guarantee to us that the signature is genuine and the signer had the legal

capacity to execute the assignment or related form.

(e) *Guaranteed absence of a signature.*

(1) A form requiring a certified signature need not be signed when a certifying individual associated with a depository financial institution places the following endorsement on the security or the form:

Absence of signature by owner and validity of transaction guaranteed, Second State Bank of Jonesville, Jonesville, NC, by B. R. Butler, Vice President, dated 11/1/2001.

(2) The endorsement must be dated and the seal of the institution must be added.

(3) This form of endorsement is an unconditional guarantee to us that the institution is acting for the signer under proper authorization.

(f) *Persons who cannot act as certifying individuals.* Any person having an interest in a security involved in the transaction cannot act as a certifying individual. However, an authorized officer or employee of a depository financial institution that is a member of a Treasury-recognized signature guarantee program can act as a certifying individual for transfer of a security to the institution or on behalf of the institution.

§§ 363.44–363.49 [Reserved]

Subpart C—Book-Entry Savings Bonds Purchased Through New Treasury Direct

GENERAL

§ 363.50 What Treasury securities does this subpart cover?

This subpart covers Series EE and I book-entry savings bonds. The offering of Series EE savings bonds is contained in 31 CFR part 351. The offering of Series I savings bonds is contained in 31 CFR part 359.

[68 FR 24807, May 8, 2002]

§ 363.51 Who may purchase and hold a book-entry savings bonds?

(a) A New Treasury Direct account holder may purchase and hold bonds through his or her account.

(b) Bonds may not be purchased through the account of a minor.

(c) We do not permit a legally incompetent person to purchase savings bonds once we have been provided with an acceptable court order determining incompetency.

(d) We do not permit a legal representative or a legal guardian to purchase savings bonds on behalf of the estate of a decedent or an incompetent person.

§ 363.52 What amount of book-entry Series EE and I savings bonds may I purchase in one year?

(a) *Purchase limitation.* The amount of bonds that you may purchase in any calendar year is limited to \$30,000 for Series EE savings bonds, and \$30,000 for Series I savings bonds.

(b) *Computation of amount for gifts.* Bonds purchased or transferred as gifts will be included in the computation of the purchase limitation for the account of the recipient for the year in which the bonds are delivered to the recipient.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.53 What is the minimum amount of book-entry savings bonds that I may purchase in any transaction?

Each bond purchase must be in a minimum amount of \$25, with additional one-cent increments above that amount, in any one transaction. For example, a purchase may be \$25.00, \$25.01, \$25.02, or \$25.03, and so forth.

§ 363.54 What is the minimum amount of a book-entry savings bonds that I must hold in my account?

Each bond held in your account must have a redemption value of at least \$25. If you request a transaction that would reduce the remaining redemption value of the bond to an amount less than \$25, we will not permit the transaction to occur.

§ 363.55 May I transfer my book-entry savings bonds to another person?

(a) You may transfer a bond or a portion of a bond to the New Treasury Direct account of another individual as a gift, or in response to a final judgment, court order, a divorce decree, or property settlement agreement. You must certify online that the transfer is a gift or a specified exception.

(b) We do not permit the transfer of savings bonds for consideration, unless it is an exception specified in paragraph (a) of this section.

(c) The bond will be transferred in the single owner form of registration.

(d) We reserve the right to limit the transferability of savings bonds at any time by amendment to these regulations.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.56 What is the minimum amount of book-entry savings bonds that I may transfer in any one transaction?

Each transfer must be in a minimum amount of \$25 redemption value, with additional one-cent increments above that amount, in any one transaction. For example, you may transfer \$25.00, \$25.01, \$25.02, or \$25.03, and so forth. Transfers will be comprised of principal and proportionate interest.

§ 363.57 What is the minimum amount of book-entry savings bonds that I may redeem in any one transaction?

Each redemption must be in a minimum amount of \$25 redemption value, with additional one-cent increments above that amount, in any one transaction. For example, you may redeem \$25.00, \$25.01, \$25.02, or \$25.03, and so forth. Redemptions will be comprised of principal and proportionate interest.

§ 363.58 May book-entry savings bonds be pledged or used as collateral?

Bonds may not be pledged or used as collateral for the performance of an obligation.

§§ 363.59–363.64 [Reserved]

REGISTRATION

§ 363.65 What do I need to know about the registration of book-entry savings bonds?

(a) Registration must express the actual ownership of, and interest in, the bond. Registration conclusively establishes ownership of a bond.

(b) You must provide a last name and a first name for each individual included in the registration.

(c) You must provide the valid social security number of the owner of the bond.

§ 363.66 What forms of registration are available for book-entry savings bonds?

The forms of registration available are single owner, owner with beneficiary, primary owner with secondary owner, and several special forms of registration.

§ 363.67 What do I need to know about the single owner form of registration?

(a) An individual is the single owner of the bond.

(b) A single owner may add a beneficiary or secondary owner.

(c) A single owner may conduct online transactions on bonds held in his or her account.

(d) Upon the death of the single owner, his or her estate is entitled to the bond. In determining entitlement,

the law of the decedent's domicile will be followed.

(e) Registration example: "John Doe, SSN 123-45-6789."

§ 363.68 What do I need to know about the owner with beneficiary form of registration?

(a) The purchaser must be named as the owner with another individual as beneficiary.

(b) The owner may remove or change the beneficiary without the consent of the beneficiary.

(c) The owner may conduct online transactions on bonds held in his or her account without the consent of the beneficiary.

(d) The beneficiary has no ownership rights to the bond during the owner's lifetime. Upon the death of the owner, the beneficiary is the absolute owner of the bond, despite any attempted testamentary disposition by the owner or any state law to the contrary.

(e) If the beneficiary does not survive the owner, the bond belongs to the estate of the owner.

(f) If both the owner and the beneficiary die under conditions where it cannot be established, either by presumption of law or otherwise, which one died first, the bond is the property of the estate of the owner.

(g) In order for the beneficiary to obtain the bond or the bond proceeds after the death of the owner, the beneficiary must provide proof of death of the owner. If the beneficiary has a New Treasury Direct account, the bond will be transferred to that account. If the beneficiary does not have an account, he or she may establish an account or request redemption. If the beneficiary requests redemption, he or she must provide ACH instructions for the payment.

(h) Registration example: "John Doe, SSN 123-45-6789 POD (payable on death to) Jane Doe, SSN 987-65-4321."

§ 363.69 What do I need to know about the primary owner with secondary owner form of registration?

(a) The purchaser must be named in the registration as the primary owner.

(b) The primary owner holds the bonds in his or her account and may view or conduct online transactions in the bonds.

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(c) The primary owner may remove the secondary owner without the consent of the secondary owner.

(d) The secondary owner has no rights to view or conduct transactions in any bond unless the primary owner gives the secondary owner these rights.

(e) The primary owner may give the secondary owner the right to view any bond or rights to view and redeem any bond, online from the account of the secondary owner.

(f) Once the right to conduct transactions in a bond has been given to the secondary owner, the primary owner may view and conduct transactions in the bond from his or her account, and the secondary owner may view and redeem the bond using his or her own account.

(g) The primary owner may revoke any rights previously given to the secondary owner at any time.

(h) Upon the death of either the primary or secondary owner, the survivor is the absolute owner of the bond, despite any attempted testamentary disposition or any state law to the contrary.

(i) If both the primary and the secondary owner die under conditions where it cannot be established, either by presumption of law or otherwise, which one died first, the bond is the property of the estate of the primary owner.

(j) In order for the secondary owner to obtain the bond or the bond proceeds after the death of the owner, the secondary owner must provide proof of death of the owner. If the secondary owner has a New Treasury Direct account, the bond will be transferred to that account. If the secondary owner does not have an account, he or she may establish an account or request redemption. If the secondary owner requests redemption, he or she must provide ACH instructions.

(k) Registration example: "John Doe, SSN 123-45-6789 with Joseph Doe, SSN 987-65-4321."

EFFECTIVE DATE NOTE: At 67 FR 64286, Oct. 17, 2002, paragraphs (d) through (g) in § 363.69 were added and stayed indefinitely. The Fiscal Service will announce the effective date(s) when they will become effective.

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§ 363.70 What are special forms of registration?

(a) Special forms of registration are used when a legal guardian or representative is appointed by a court to handle the affairs of a decedent or an incompetent individual.

(b) Special forms of registration are not permitted on original issue.

(c) Bonds registered in this form may be held in the New Treasury Direct account of the legal guardian or representative.

§ 363.71 What special forms of registration are permitted?

(a) *Legal guardian of the estate of an incompetent individual.* A court-appointed legal guardian may hold bonds on behalf of an incompetent individual.

(b) *Legal representative of the estate of a decedent.* A court-appointed legal representative of the estate of a decedent may hold bonds on behalf of the estate.

(c) *General rule.* Bonds registered in the name of a legal guardian of an incompetent person or legal representative of an estate will be held in the New Treasury Direct account of the legal guardian or legal representative.

§§ 363.72–363.79 [Reserved]

MINORS

§ 363.80 May a minor purchase book-entry savings bonds?

We do not permit a minor to purchase bonds.

§ 363.81 May book-entry savings bonds be purchased for a minor as a gift?

A New Treasury Direct account owner may purchase bonds as a gift with a minor as the recipient.

§ 363.82 May an account owner deliver a book-entry savings bonds purchased as a gift to a minor?

An account owner may deliver a bond purchased as a gift to the New Treasury Direct account of the recipient who is a minor.

§ 363.83 May an account owner transfer a book-entry savings bonds to a minor?

An account owner may transfer a bond to a minor as a gift or pursuant to

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one of the specified exceptions in § 363.55(a).

§ 363.84 [Reserved]

INCOMPETENT PERSON

§ 363.85 May savings bonds be registered in the name of an incompetent person for whom a legal guardian has been appointed?

(a) If a person owning bonds becomes incompetent, and there is a legally qualified guardian, the bonds must be registered in the name of the guardian.

(b) We will require satisfactory evidence of appointment.

(c) Registration will be as follows: “John Doe, SSN 123-45-6789, Legal Guardian of the estate of James Doe, an incompetent, SSN 987-65-4321.”

§§ 363.86-363.89 [Reserved]

DECEASED OWNERS

§ 363.90 What happens when a New Treasury Direct account owner dies and his or her estate is entitled to savings bonds held in the account?

(a) *Estate is being administered.* (1) We will require appropriate proof of appointment for the legal representative of the estate. Letters of appointment must be dated within six months of submission, unless the appointment was made within one year before submission.

(2) The bonds will be registered in the following form: “John Doe, SSN 123-45-6789, Legal Representative of the estate of James Doe, deceased, SSN 987-65-4321.”

(3) The bonds may be held in the New Treasury Direct account of the legal representative.

(4) The legal representative of the estate may request payment of bonds to the estate or to the person(s) entitled, or may have the bonds transferred to the New Treasury Direct account(s) of the person(s) entitled.

(5) The legal representative of the estate may not purchase bonds on behalf of the estate.

(6) If payment is requested, we will require ACH instructions.

(b) *Estate has been settled previously.* If the estate has been previously settled through judicial proceedings, the person(s) entitled may request payment of

bonds or may have the bonds transferred to the New Treasury Direct account of the person(s) entitled. If payment is requested, we will require ACH instructions. We will require a certified copy of the court-approved final accounting for the estate, the court’s decree of distribution, or other appropriate evidence.

(c) *Summary administration procedures.* If there is no formal administration and no representative of the estate is to be appointed, the person(s) entitled under state law summary or small estates procedures may request payment of bonds or may have the bonds transferred to the New Treasury Direct account(s) of the person(s) entitled. We will require appropriate evidence. If payment is requested, we will require ACH instructions.

(d) *Survivors’ order of precedence for payment or transfer.* If there has been no administration, no administration is contemplated, no summary or small estate procedures have been used, and the redemption value of the bonds is \$100,000 or less,² then bonds may be paid or transferred to the persons named in the following order of precedence:

(1) There is a surviving spouse and no surviving child or descendant of a deceased child: to the surviving spouse.

(2) There is a surviving spouse and a child or children of the decedent, or descendants of deceased children: one-half to the surviving spouse and one-half to the child or children of the decedent, and the descendants of deceased children, by representation, or by agreement of all persons entitled in this class;

(3) There is no surviving spouse and there is a surviving child or descendant of deceased children: to the child or children of the decedent, and the descendants of deceased children, by representation.

(4) There are no surviving spouse, no surviving child, and no surviving descendants of deceased children: to the parents of the decedent, one-half to each, or in full to the survivor.

²We require estates with bonds over \$100,000 redemption value to be administered.

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(5) There are no surviving spouse, no surviving child or surviving descendants of deceased children, and no surviving parents; to the brothers and sisters and descendants of deceased brothers and sisters by representation.

(6) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, and no brothers or sisters or descendants of deceased brothers and sisters; to other next of kin, as determined by the laws of the decedent's domicile at the time of death.

(7) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, and no next of kin, as determined by the laws of the decedent's domicile at the time of death; to persons related to the decedent by marriage, *i.e.*, heirs of a spouse of the last decedent where the spouse predeceased that registrant.

(8) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, no next of kin, as determined by the laws of the decedent's domicile at the time of death, and no persons related to the decedent by marriage; to the person who paid the burial and funeral expenses, or a creditor of the decedent's estate, but payment may be made only to the extent that the person has not been reimbursed. Transfers are not permitted.

(9) Escheat according to the applicable state law.

(e) When we make payments or transfers according to paragraph (d) of this section, we will make the payments by the ACH method to either a person individually, or individually and on behalf of all other persons entitled. We will require ACH instructions for payment. A person who receives payment of bond proceeds individually and on behalf of others agrees to make distribution of the proceeds to the other persons entitled by the law of the decedent's domicile. The provisions of this section are for our convenience and do not determine ownership of the bonds or their proceeds. We may rely on information provided by the person who

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requests payment or transfer, and are not liable for any action taken in reliance on the information furnished.

§§ 363.91–363.94 [Reserved]

GIFTS

§ 363.95 How may I give a book-entry savings bonds as a gift?

You may give a book-entry savings bonds as a gift in two ways:

(a) You may purchase a bond online as a gift; or

(b) You may transfer a bond that you own to another person as a gift with immediate delivery.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.96 What do I need to know if I initially purchase a bond as a gift?

(a) The gift bond will be registered in the name of the recipient(s). The registration is irrevocable with regard to the owner named on the gift bond.

(b) You must provide the SSN of the recipient.

(c) You may deliver the bond upon purchase, or you may hold the bond in your New Treasury Direct account until you are ready to deliver the bond to the owner named on the gift bond.

(d) If the purchaser dies before delivering a gift bond to the recipient, the bond belongs to the owner named on the gift bond, notwithstanding any testamentary attempts to the contrary by the purchaser, or any state law to the contrary. We will hold the bond until we receive instructions from the owner named on the gift bond.

(e) When the gift bond is delivered, it will be delivered in the single owner form of registration to the owner named on the gift bond.

§ 363.97 What do I need to know if I transfer a book-entry savings bonds to another person as a gift?

(a) You must certify online that the transfer is a gift.

(b) You must provide the SSN of the recipient.

(c) Once the transfer is made, the gift is irrevocable.

(d) The bond will be transferred in the single owner form of registration to the recipient.

§ 363.98 [Reserved]

§ 363.99 **What is the minimum amount of a bond that I may transfer or deliver as a gift in any one transaction?**

You may transfer or deliver gift bonds in any one-cent increment value equal to or greater than \$25.00 redemption value. For example, you may deliver a gift bond with a redemption value of \$25.00, \$25.01, \$25.02, and so forth. If the bond was held in your account prior to delivery to the recipient for a period of time and has accrued interest, the delivery will include principal and proportionate interest.

§§ 363.100–363.104 [Reserved]

TRANSACTIONS

§ 363.105 **Who has the right to conduct transactions in book-entry savings bonds?**

(a) *Single owner form of registration.* A single owner can conduct transactions in bonds held in his or her New Treasury Direct account.

(b) *Owner with beneficiary form of registration.* The owner can conduct transactions in bonds held in his or her New Treasury Direct account. The beneficiary has no rights during the lifetime of the owner and therefore cannot conduct transactions in the bonds.

(c) *Primary Owner with secondary owner form of registration.* The primary owner can conduct transactions in bonds held in his or her New Treasury Direct account. The secondary owner can redeem bonds using his or her New Treasury Direct account providing the primary owner has given the secondary owner that right, and has not revoked that right.

(d) *Legal guardian of an incompetent form of registration.* A legal guardian or other court-appointed representative of an incompetent can conduct transactions in bonds belonging to the incompetent consistent with the authority of the legal guardian.

(e) *Legal representative of an estate.* A legal representative of an estate can conduct transactions in bonds belonging to the estate consistent with the authority of the legal representative.

§ 363.106 **How are online transactions conducted in savings bonds?**

We will provide online forms, including instructions, for transactions.

§ 363.107 **Does Public Debt reserve the right to require that any transaction be conducted offline?**

We reserve the right to require any transaction to be conducted offline using an approved form. Signatures on offline transactions must be certified or guaranteed as provided in instructions in § 363.43.

§§ 363.108–363.109 [Reserved]

JUDICIAL AND ADMINISTRATIVE
PROCEEDINGS§ 363.110 **Will Public Debt recognize a court order that attempts to defeat the survivorship rights of a beneficiary, secondary owner, or recipient of an undelivered gift bond?**

We will not recognize a judicial determination that attempts to defeat or impair the rights of survivorship of a beneficiary, secondary owner, or recipient of an undelivered gift bond, after the death of the owner or primary owner.

§ 363.111 **Will Public Debt accept notice of an adverse claim or notice of pending judicial proceedings involving book-entry savings bonds?**

We are not subject to and will not accept a notice of an adverse claim or notice of pending judicial proceedings involving book-entry savings bonds.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.112 **Is Public Debt a proper party in a judicial proceeding involving competing claims to a book-entry savings bonds?**

Treasury, Public Debt, and the Federal Reserve Banks are not proper defendants in a judicial proceeding involving competing claims to a book-entry savings bonds.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.113 Will Public Debt pay or transfer book-entry savings bonds pursuant to an order in a divorce proceeding?

We will pay or transfer bonds pursuant to a divorce decree that either disposes of savings bonds or ratifies a property settlement agreement disposing of bonds. The owner (as defined in § 363.6) of the bonds must be a party to the proceedings. If the divorce decree does not set out the terms of the property settlement agreement, we will require a certified copy of the agreement.

§ 363.114 Will Public Debt recognize a court order?

We will recognize a final order entered by a court that affects ownership rights in a book-entry savings bonds only to the extent that the order is consistent with the provisions of this part. The owner (as defined in § 363.6) of the bond must be a party to the proceedings. We will require a certified copy of the court order.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.115 Will Public Debt pay a savings bonds pursuant to a levy?

We will pay a savings bonds pursuant to a valid levy to satisfy a money judgment against the owner (as defined in § 363.6) of the bond. Payment will be made only to the extent necessary to satisfy the money judgment.

§ 363.116 Will Public Debt pay a bond to the Internal Revenue Service (IRS) pursuant to a levy?

We will honor an IRS administrative levy under § 6331 of the Internal Revenue Code with respect to the owner (as defined in § 363.6).

§ 363.117 Will Public Debt pay a bond to a trustee in bankruptcy or similar court officer?

We will pay a savings bonds to a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer, if the original court order is against the owner (as defined in § 363.6).

§ 363.118 What evidence is required to establish the validity of judicial proceedings?

(a) We require certified copies of the final judgment, decree, or court order, and any necessary supplementary proceedings.

(b) A request for payment by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by evidence of appointment and qualification.

(c) A request for payment by a receiver in equity or a similar court officer (other than a receiver of an insolvent's estate), must be supported by a copy of an order that authorizes the redemption of the bond.

§ 363.119 Will Public Debt pay a bond pursuant to a forfeiture proceeding?

(a) *General.* Bonds will be paid pursuant to a judicial or administrative forfeiture made by a Federal agency. We will rely exclusively upon the information provided by the Federal forfeiting agency and will not make any independent evaluation of the validity of the forfeiture order, the request for payment, or the authority of the individual signing the request for payment. The amount paid is limited to the redemption value of the savings bonds as of the date of forfeiture. All inquiries or claims from the previous owner will be referred to the forfeiting agency.

(b) *Definition of special terms relating to forfeitures.*

Contact point means the individual designated by the Federal investigative agency, United States Attorney's Office, or forfeiting agency, to receive referrals from Public Debt, using Public Debt Form 1522.

Forfeiting agency means the federal law enforcement agency responsible for the forfeiture.

Forfeiture means the process by which property may be forfeited by a federal agency. Administrative forfeiture is forfeiture by a federal agency without judicial proceedings; judicial forfeiture is a forfeiture through either a civil or criminal proceeding in a United States District Court resulting in a final judgment and order of forfeiture.

Public Debt Form 1522 (PD 1522) is the form on which written notification of

the forfeiture is provided by the forfeiting agency to Public Debt.

(c) *Procedures for a forfeiting agency to request forfeiture of Treasury securities.* A forfeiting agency must request forfeiture on PD 1522. An individual authorized by the forfeiting agency must sign the form. The completed PD 1522 must be mailed to the Department of the Treasury, Bureau of the Public Debt, Parkersburg, WV 26106-1328.

(d) *Public Debt procedures upon receipt of PD 1522.* (1) Upon receipt and review of the Public Debt Form 1522, we will make payment to the forfeiture fund specified on the form. We will record the forfeiture, the forfeiture fund into which the proceeds were paid, the contact point, and any related information.

(2) We will rely exclusively upon the information provided by the Federal agency and will not make any independent evaluation of the validity of the forfeiture order, the request for payment, or the authority of the individual signing the request for payment.

(e) *Amount paid on a forfeiture.* The amount we will pay on a forfeiture is limited to the redemption value of the savings bonds as of the date of forfeiture.

(f) *Inquiries from previous owners of forfeited Treasury securities.*

(1) We will refer all inquiries from the previous owner, including requests for payment, reissue, or applications for relief, to the contact point.

(2) We will tell the person who inquired that we referred his or her inquiry to the contact point.

(3) We will not investigate the inquiry.

(4) We will defer to the forfeiting agency's determination of the appropriate course of action, including settlement where appropriate.

(5) Any settlement will be paid from the forfeiture fund into which the proceeds were deposited.

§§ 363.120-363.124 [Reserved]

PAYMENT

§ 363.125 How is payment made on a book-entry savings bonds?

We will make payment by the ACH method to the designated account at a United States depository financial institution.

§ 363.126 Under what circumstances will payment be made?

We will make payment:

(a) Upon your request for redemption prior to maturity;

(b) When the bond reaches final maturity; and

(c) If a person who becomes entitled to the bond is unable, unwilling or ineligible to open a New Treasury Direct account.

§§ 363.127-363.129 [Reserved]

Subparts D through E [Reserved]

Subpart F Miscellaneous

§ 363.175 May Public Debt waive these regulations?

We may waive or modify any provision of the regulations in this part. We may do so in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship:

(a) If the waiver would not be inconsistent with law or equity;

(b) If the waiver does not impair any material existing rights; and

(c) If we are satisfied that the waiver would not subject the United States to any substantial expense or liability.

§ 363.176 Can I be required to provide additional evidence to support a transaction?

We may require additional evidence and/or a bond of indemnity, with or without surety, in any case where we

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determine it necessary to protect the interests of the United States.

§ 363.177 May Public Debt amend or supplement these regulations?

We may amend, revise, or supplement these regulations at any time.